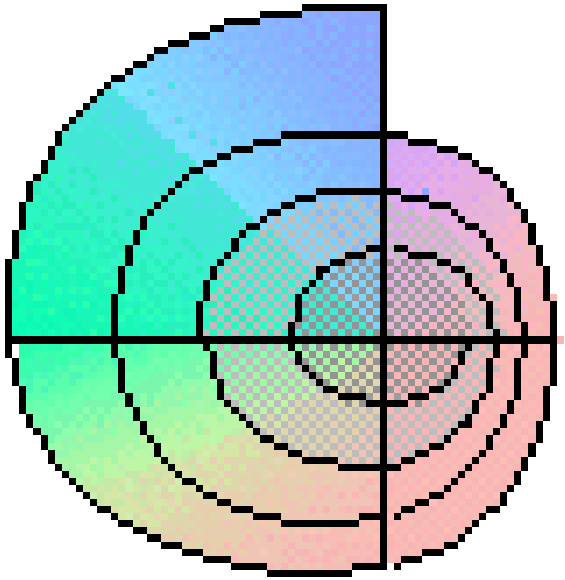
Contracting in a Changing Environment



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Why don’t acquisition programs stay the same?

- Requirement change
- Threat changes
- New missions
- New users for the system
- Technology improvements
- Parts obsolescence
- Congressional influence
- Funding cuts

Ideas about a Changing Environment

- Partnering relationship
  - Increases trust and understanding
- Contract Terms and Conditions
  - The contract allows for change
- Evolutionary Acquisition
  - Strategy allows for change

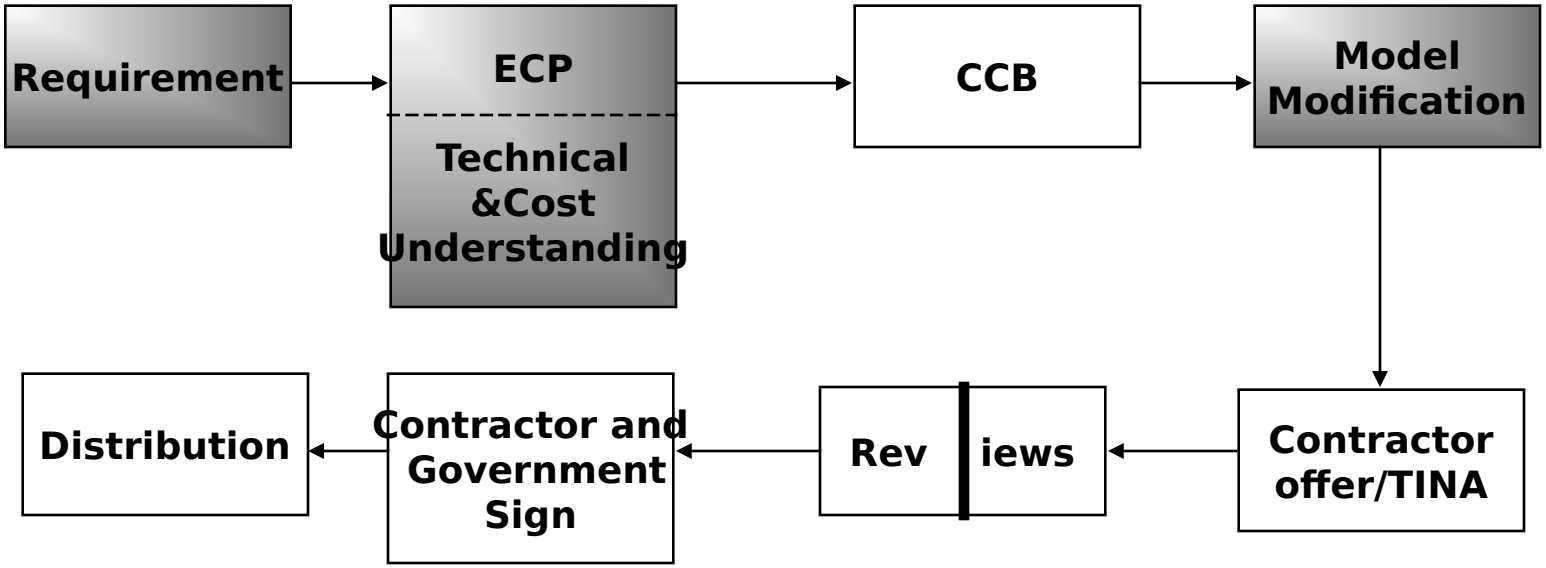
Partnering

- Alpha negotiations
- Alternative Disputes Resolution
- Senior Leadership Meetings

Who are the partners?

Buying Activity
DCMA (ACO…)
DCAA (Auditor)
Contractor
Subcontractors
User

ALPHA Process Modification



Government

Sole Source

Contractor and Government

Important Elements of the Process

- MOA – Everyone agrees to play
- Team Continuity
- Standard Software & Formats
- Communications – No back-room discussions
- Schedule
- Approval Guidelines
  - Engineers can meet and agree without contracting
- Team Meetings

Contract Terms and Conditions that help change

- Swing Clauses
- Contract type relates to risk
- MOA for partnering
  - Agreed process for using the changes clause
- Broad performance objectives
- Set up study CLINs

Evolutionary Acquisition

Evolutionary acquisition is DoD's preferred strategy for rapid acquisition of mature technology for the user. An evolutionary approach delivers capability in increments, recognizing, up front, the need for future capability improvements. The success of the strategy depends on the consistent and continuous definition of requirements and the maturation of technologies that lead to disciplined development and production of systems that provide increasing capability towards a materiel concept.

5000.2; 12 May 2003

Incremental Development

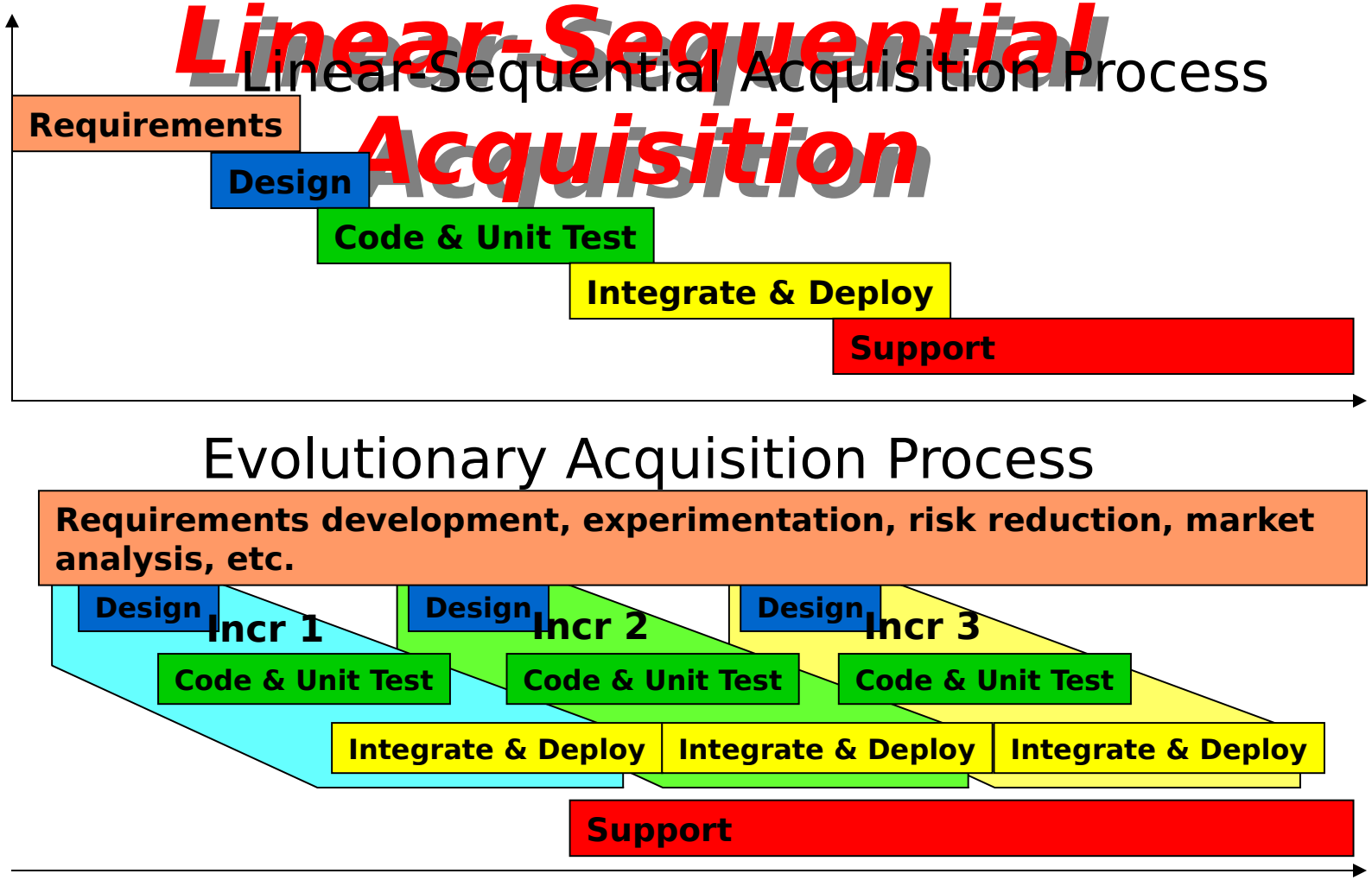
- Incremental Development (ID) definition
  - In this process, a desired capability is identified, **an end-state requirement is known**, and that requirement is met over time by development of several increments, each dependent on available mature technology.

Spiral Development

- Spiral Development (SD) definition
  - In this process, a desired capability is identified, but **the end-state requirements are not known at program initiation**. Those requirements are refined through demonstration and risk management; there is continuous user feedback; and each increment provides the user the best possible capability. The requirements for future increments depend on feedback from users and technology maturation.

5000.2; 12 May 2003

Evolutionary Acquisition versus Linear-Sequential Acquisition



Advantages of Spiral Development

- Spiral development is designed to be more responsive to user needs. It accomodates change
  - Shorten turn around time for emergent user needs
  - Focus on the most critical user needs at the current time
  - Address threat changes, technology improvements, new users of the system, parts obsolescence, new missions, congressional influence
  - Continuous feedback between testers, users and developers (Gov’t and Ktr).

Evolutionary and Contracting

- Be part of the preparing the Acquisition Strategy/Plan
- Use Award Fee or performance incentives to motivate contractor
  - Schedule may be most important consideration
- Broad scope to contracts to minimize ECP's and J&A's or new contracts.
  - Minimal thresholds. Broad performance objectives
  - Options
  - Section H clauses that develop scope
- Contracts are CR, FFP, and ID/IQ.
- FAR 39.103 Modular Contracting (18 months/IDIQ)